

**FIRST NATIONS CHILD AND FAMILY SERVICES PROGRAM
INFORMATION BULLETIN
FNCFS/SEFPN-2025-001-E**

**Management of unexpended First Nations Child and Family Services Program
funding**

February 25, 2025

This information sheet provides First Nations Child and Family Services (FNCFS) Program recipients with guidance on managing unexpended (unspent) FNCFS Program funding from current or previous fiscal years. It includes information on:

- Flexibility in funding agreements for reallocation of unexpended funding, based on the [FNCFS Program's Terms and Conditions](#) and Canadian Human Rights Tribunal (CHRT) order considerations.
- Prioritizing unexpended funds ahead of advance claims for reimbursement based on actual costs (under 2018 CHRT 4 and 2022 CHRT 8), for more efficient cashflow.
- Unexpended funding plans and cash management principles to avoid the accumulation of unexpended funds.
- Specific provisions for unexpended funds related to 2021 CHRT 12 and the Community Well-Being Jurisdiction Initiative (CWJI).

This information sheet aligns with the Deputy Ministers' message to funding agreement recipients shared on October 29, 2024, announcing the reinstatement of pre-pandemic reporting requirements, timelines and procedures, and with Indigenous Services Canada's (ISC) ongoing financial obligations outlined in all funding agreements, in accordance with Canada's [Policy](#) and [Directive](#) on Transfer Payments and other applicable federal laws. To support financial accountability, transparency and alignment with the objectives of the FNCFS Program as well as compliance to CHRT orders, the use of unexpended funds follows specific guidelines.

Significant changes to the FNCFS Program have occurred since previous guidance was issued in the "National Recipient Guide for Reimbursement of 2018-2019 Prevention and Operations First Nations Child and Family Services Actual Costs Resulting from the Canadian Human Rights Tribunal Orders Dated January 26, 2016, April 26, 2016, September 14, 2016 and February 1, 2018". This bulletin provides updated procedures on the in-year reallocation or use of unspent funds among the FNCFS funding elements and replaces any previous guidance.

In-year reallocation and use of unexpended funds

Cash management

Effective cash management involves a set of principles and practices aimed at efficiently transferring funds while managing Program cash flows for operating and financing activities. These practices promote accurate budgeting and forecasting, strengthen financial monitoring and ensure payments flow without unnecessary delays or interruptions.

FNCFS funding recipients have the flexibility to reallocate and carry forward unexpended funding from one fiscal year to the next, as outlined [in Appendix K of the Directive on Transfer Payments](#) and the terms and conditions of each funding agreement (detailed in Schedule 2 and the Schedule on Delivery Requirements and Funding Adjustment Factors). Under the terms of the funding agreement, reallocation refers to the ability to transfer funding from one Program service area to another in order to cover planned operational costs or service delivery activities.

In-year reallocation

It is possible for recipients to reallocate FNCFS funds between Program service areas within a fiscal year, although certain restrictions apply under the programs terms and conditions and in order to ensure Canada continues to meet its obligations under Canadian Human Rights Tribunal Orders (see Table 1). Reallocation can be an effective proactive measure to ensure funds contribute to program objectives and avoid unexpended funds. Recipients are encouraged to consult with their regional program officer on these reallocations

Use of unexpended funds

According to the terms and conditions of ISC's funding agreements, specific provisions are set for unexpended funding. In line with the terms and conditions of funding arrangements, recipients must complete an unexpended funds plan if they have a balance of unspent funds from their funding arrangements. As per the Deputy Minister's letter to recipients, these plans must reflect how the funds not spent by March 31, 2024 will be used by up to and including March 31, 2026 (for the 2025-26 fiscal year), for activities that align with the purposes for which the funds were granted. Recipients with an unexpended funding plan will also be required to update that plan for any unexpended funds remaining on March 31, 2025.

Beginning April 1, 2025 the FNCFS Program Delivery Requirements outlined in all funding agreements will require that recipients always submit unexpended funding plans regardless of the funding model or whether the funding will be spent within the same service delivery area and associated activities. Under the FNCFS Program, recipients can reallocate their funding to different eligible Program activities and expenses to respond to changing needs in line with Table 2 below and to ensure effective financial management and service delivery. As per the terms of all funding agreements, once the plans have been transmitted, ISC must confirm receipt and review and accept the unexpended funding plans as long as the plan aligns with the terms and conditions of the Program and this communication. ISC regional offices are responsible for reviewing the plans and requesting clarification if needed.

Table 1 provides information on FNCFS Program funding that can be reallocated between funding service areas, with attention to Canadian Human Rights Tribunal orders and time-limited funding. Reallocation is further defined in the terms and conditions (Schedule 2 and the Schedule on Delivery Requirements and Funding Adjustment Factors) of recipient's [funding agreements](#). Table 1 also includes related funding that has been provided to some recipients under other program terms and conditions such as Housing funding and the Community Well-Being Jurisdictional Initiative.

Restrictions on in-year reallocation and use of unexpended funds

There are four main funding areas where reallocation is not permitted. These restrictions are in place to ensure that Canada continues to provide funding to cover the actual costs of certain activities in compliance with CHRT orders:

1. **Prevention funding:** Reallocation of prevention funding to protection is not permitted, except to fund least disruptive measures aligned with provincial/territorial legislation.
2. **Protection funding:** Reallocation of protection funding is not permitted as it is specifically designated to support mandated legislative services which include operations, maintenance, and least disruptive measures.

3. **Capital projects:** Reallocation of capital project CHRT 41 funding is not permitted. Funding is provided on actuals for its intended purpose. Any unexpended funding must be allocated to the to the next phase of the capital project. If the project is complete, the funds should be directed toward operations and maintenance of the capital asset.
4. **Housing:** As a Special Purpose Allotment, use of these funds is restricted to their intended use and cannot be reallocated towards other FNCFS Program funding areas. The intent of the funding is to address housing as a structural driver contributing to the overrepresentation of First Nation children and youth in child and family services. This includes the purchase, construction, or renovation of housing assets on reserves or in the Yukon. All activities must comply with the terms and conditions of the [Capital Facilities and Maintenance Program](#).

Table 1: FNCFS Program and related funding – Reallocation and restrictions		
Funding service area	Eligible funding recipient	Reallocation and restrictions
Protection, Operations, Maintenance and care (including least disruptive measures)	Provincial/Yukon delegated service providers	Protection, operations, maintenance and care, including least disruptive measures, cannot be reallocated to other Program funding areas as these are legislated services. When carried forward, any unexpended funds must be applied to current-year costs before submitting any claims.
First Nation representative services in Ontario	First Nations and First Nation authorized service providers	First Nation representative services funding in Ontario is based on actual eligible costs. Any carried forward unexpended funding must be applied to current-year costs before any claims are submitted.
First Nation representative services (National)	First Nations and First Nation authorized service providers	First Nation representative services can be reallocated to: • Prevention • Post-majority support services
Capital	First Nations and First Nation authorized services providers	Capital funding to support FNCFS activities provided under CHRT Order 41 cannot be reallocated to other FNCFS Program funding areas, nor can any unspent funds from any FNCFS Program area be reallocated towards capital (except for the CWJI funding).
Prevention	First Nations and First Nation authorized services providers	Prevention can be reallocated to: • Least disruptive measure activities that would otherwise be funded under protection, in accordance with provincial and territorial legislation • First Nation representative services • Post-majority support services
Post-majority support services	First Nations and First Nation authorized services providers	Post-majority support services funding is based on actual eligible costs. Any carried forward unexpended funding must be applied to current-year costs before any claims are submitted.
Housing	First Nations and First Nation authorized services providers	Unspent housing funds cannot be reallocated to other FNCFS Program funding areas. Housing funds must be used in accordance with the terms and conditions of the Capital Facilities and Maintenance Program .
Top ups	First Nations and First Nation authorized services providers	Each top up serves a specific purpose and exists as a result of Institute of Fiscal Studies and Democracy research.
		1. Information technology 2. Results 3. Remoteness 4. Household supports (previously Poverty funding) Although reallocation is possible based on the flexibilities of the funding agreements, recipients are encouraged to use each top up for their specific purpose only.
		5. Emergency Funding should only be used to support unanticipated circumstances affecting or related to child and family service delivery. Reallocation is not permitted in-year, however after two years from the date that funding was provided recipients can reallocate funds according to an approved spending plan.

Table 1: FNCFS Program and related funding – Reallocation and restrictions		
Funding service area	Eligible funding recipient	Reallocation and restrictions
Community Well-Being Jurisdictional Initiative	First Nations and First Nation authorized services providers	These funds are specifically related to 2021 CHRT 12 and the Community Well-Being Jurisdiction Initiative (CWJI). CWJI unexpended funds can be carried forward up to 5 years from the date that the CWJI funding was provided up to March 31, 2027 as long as an unexpended funding plan is submitted and approved by ISC. Funds can be reallocated to prevention-based activities, including least disruptive measures in accordance with CWJI or FNCFS terms and conditions. Reallocation towards capital expenditures is only permitted in accordance with the CWJI terms and conditions and in line with the capital CHRT 41 process.

Reimbursement claims based on actuals in the context of unexpended funds

In compliance with the Canadian Human Rights Tribunal (CHRT) Orders, ISC funds FNCFS recipients through reimbursements based the actual costs incurred for eligible expenses related to:

- Care and maintenance, intake and investigation, legal fees, building repairs and child service purchase amounts;
- Small agency expenses;
- First Nations representative services in Ontario;
- Post-majority support services; and
- Capital needs to support FNCFS delivery.

For reimbursement of claims, recipients must submit documentation in support of the incurred cost. When a recipient has unexpended FNCFS funds, ISC may require recipients apply unexpended funding from prior fiscal years to eligible expenses before accessing additional funds.

When a recipient has insufficient cash flow to operate, an advance claim may be submitted. Recipients are required to provide a projection of anticipated financial needs, which may include estimates based on previous years' expenditures to establish a baseline for the requested advance. These advance claim projected costs may range from three (3) to twelve (12) months. In accordance with the [Directive on Transfer Payments](#), and the [Guideline on the Directive on Transfer Payments](#) advance payments must align with the recipient's cash flow requirements. The guideline specifies that:

- Advance payments are used for authorized purposes; and
- Advance payments are not made to a recipient while the recipient has an unexpended balance in hand.

To ensure compliance with the Policy on Transfer Payments, recipients are encouraged to collaborate with regional staff in preparing advance claims. Regional staff can both confirm claim eligibility and clarify whether use of unexpended funds is expected. Table 2, below, sets out how unexpended funds from a given service area can be reallocated to other areas for claims. Furthermore, recipients are asked to demonstrate that they have expended more than 75% of their current allocation before requesting additional advances.

Table 2 : FNCFS Program claims and priority use of unexpended funds		
Claim service area	Eligible funding recipient	Possible sources of unexpended funds
Protection, Operations, Maintenance and care (including least disruptive measures)	Provincial/Yukon delegated service providers	Unspent funds to support protection, operations, maintenance and care, and least disruptive measures can be reallocated from: • Prevention: unspent funds can only be used for service delivery activities related to least disruptive measures • First Nation representative services • Post-majority support services
First Nation representative services in Ontario	First Nations and First Nation authorized service providers	Access to claims on actuals for First Nation representative services (FNRS) is only available in Ontario and where 75% of the allocation has been expended and the remaining amount is insufficient to deliver the appropriate services. Unspent funds from previous fiscal years should be used before submitting a FNRS claim. Unspent funds can also be reallocated from: • Prevention • Post-majority support services
First Nation representative services (National)	First Nations and First Nation authorized service providers	Unspent funds to support First Nation representative services can be reallocated from: • Prevention • Post-majority support services
Capital	First Nations and First Nation authorized services providers	Unspent funds from any other FNCFS funding area cannot be reallocated to capital under 2021 CHRT Order 41, with the exception unexpended funds related to 2021 CHRT 12 Community Well-being Jurisdiction Initiative (CWJI). CWJI unspent funds must be spent in accordance with CWJI and FNCFS terms and conditions and can be reallocated towards capital. Requirements for the use of CWJI funds towards capital are included with more information below.
Prevention	First Nations and First Nation authorized services providers	Unspent funds should be used before submitting a 2022 CHRT 8 claim on actuals for post-majority support services, or unspent funds can be reallocated from: • First Nation representative services • Post-majority support services Prevention surplus should also be used prior to claiming any additional funds under 2018 CHRT 4 for FNRS in Ontario.
Post-majority support services	First Nations and First Nation authorized services providers	Unspent funds should be used before submitting a 2022 CHRT 8 claim on actuals for post-majority support, or unspent funds can be reallocated from: • First Nation representative services • Prevention

Community Well-Being Jurisdiction Initiative unexpended funds

ISC has granted an exception to the general carry-forward timelines for unspent funds specifically for the Community Well-Being Jurisdiction Initiative (CWJI). Both fixed and flexible CWJI funding may be carried forward up to March 31, 2027 as long as an annual unexpended funding plan is submitted and approved by ISC. Like all unexpended funds, these must be used in compliance with the terms and conditions under which they were granted—either CWJI terms and conditions or as prevention funding under the FNCFS Program terms and conditions (sections 5.3, 6.4).

CWJI terms and conditions: capital

Under the Contributions to support Community Well-Being and Jurisdiction Initiatives for children and families, CWJI unexpended funds may be invested in capital projects that directly support FNCFS Program service delivery activities.

When using CWJI funds for capital projects:

- Projects must follow the process and reporting requirements outlined in 2021 CHRT 41 to ensure tracking and compliance with operations and maintenance standards.
- Projects must adhere to Capital Facilities Management Program (CFMP) authorities and related Capital infrastructure processes.

Core infrastructure projects as outlined in the [Capital Assets Guide](#) are not eligible as these fall under CFMP program authorities. This includes expansion of core community infrastructure (main distribution systems) such as roads, electrical distribution, water and wastewater mains/systems.

Submitting capital requests

If a CWJI unexpended funding plan includes capital investments to support FNCFS Program implementation, recipients must:

1. Complete the capital request forms.
2. Follow the capital CHRT 41 process.
3. Attach the unexpended funding plan to the capital request form.
4. Inform the Capital Intake Desk that unexpended funds will be used to support the request. They can be contacted at: chrt41-tcdp41@sac-isc.gc.ca.

Contact information

If you have questions about this bulletin or its implementation, please contact your ISC regional office.